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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 002416

SIPDIS

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TAGS: [PGOV](#) [ECON](#) [PREL](#) [JA](#)

SUBJECT: LDP SETS DATE FOR PARTY ELECTION, AS ATTENTION
TURNS TO SCENARIOS FOR GENERAL ELECTION

REF: A. TOKYO 2400

[1](#)B. TOKYO 2393

Classified By: CDA James P. Zumwalt, reasons 1.4(b),(d).

[1](#)1. (C) Summary. One full business day after Prime Minister Fukuda's surprise announcement that he will step down, his ruling LDP worked quickly to stem the damage and galvanize both party members and the public behind his eventual successor. LDP executives have decided to hold elections for a new LDP President to succeed Fukuda on September 22. Taro Aso and Yuriko Koike continue to draw mention in the press as the most likely contenders, in what is fast becoming a major policy debate over the preferred approach to dealing with pressing economic and fiscal issues. At the same time, various scenarios for the timing of a general election, ranging from October to February, are beginning to come more sharply into focus. For now, at least, recent developments appear to have put the opposition DPJ on the defensive. End Summary.

LDP Sets Date for Presidential Election; Aso, Koike
Early Favorites

[1](#)2. (C) Ruling Liberal Democratic Party (LDP) leaders have moved quickly in the 48 hours since Prime Minister Yasuo Fukuda announced suddenly that he would resign (Ref A), hoping to mitigate any negative consequences and take advantage of the opportunity to win broader public support in the next general election. Party executives will hold an election on September 22 to elect a new LDP President to succeed Fukuda. The campaign will open on September 10, the last day for registration of candidates. Each LDP Diet member will cast one vote, while each of the 47 LDP prefectural chapters will have three, for a total of 529 votes.

[1](#)3. (C) Over the course of the past two days, speculation over the identities of the likely LDP contenders continues to focus on LDP Secretary General Taro Aso and former Defense Minister Yuriko Koike, although other names are beginning to emerge, such as Consumer Affairs Minister Seiko Noda and former LDP policy chief Nobuteru Ishihara. Aso has publicly indicated his willingness to run, and Koike has hinted at

similar intentions. At this point, press reports suggest that the contest is likely to come down to a policy battle over Japan's future economic course, with Aso on the side of aggressive public spending to boost the economy and fiscally hawkish Koike representing a continuation of former Prime Minister Junichiro Koizumi's growth-oriented reform agenda. The resulting debate has the potential to exacerbate existing divisions within the LDP over the nature of a recently announced fiscal stimulus package (Ref B) to be included in any supplementary budget request.

¶4. (C) A Kyodo survey published on September 3 showed 22 prefectural chapters supporting Aso for LDP President at this point, with the remainder undecided. Answers among the 22, however, indicate that these are very preliminary responses, and could easily change as candidates are announced. A significant number of LDP lawmakers are reportedly eager to see a real contest, in part to deflect the almost certain criticism that a back-room deal based on factional affiliation would attract. An Asahi poll published the same day registered similar numbers in support of Aso, but found 26 chapters in favor of holding elections no earlier than next spring.

DPJ Suddenly on the Defensive

¶5. (C) The LDP election will take place one day after the opposition Democratic Party of Japan (DPJ) holds a party

TOKYO 00002416 002 OF 003

convention to introduce its own new leadership slate. DPJ leader Ichiro Ozawa is widely expected to run unopposed, and will likely be re-seated later this week, if no candidates register to challenge him for the post by the September 8 deadline. Embassy DPJ contacts have expressed concern over the past several days that the party is missing an important opportunity to debate party policies and raise public interest in the party's overall message.

¶6. (C) Those concerns have become more focused since Fukuda's announcement, and the press has begun to question whether the LDP might actually succeed in overshadowing the DPJ with what could be an animated debate on the direction of the ruling party during the LDP presidential campaign. Significantly, current LDP front-runner Taro Aso will reportedly declare his candidacy and outline his campaign pledges on September 8, a day on which Ozawa and the DPJ would otherwise have been expected to dominate headlines.

¶7. (C) DPJ fears of being upstaged by the LDP election and losing momentum in the Diet are receiving prominent media play, and have been echoed in Embassy discussions with DPJ Diet members and staff. Fukuda's sudden resignation, whether it is perceived positively or negatively by the public, has monopolized the front pages. In addition, speculation over possible contenders in the run-up to the LDP presidential election is almost certain to keep press coverage on the ruling party during the exact period that Ozawa had hoped to draw attention to his own "re-election" on September 21. An earlier than anticipated general election would also rob the DPJ of opportunities to criticize the ruling coalition in the Diet and demonstrate its effectiveness as a political party. That sort of momentum could potentially work in favor of the LDP in the event of an early general election.

¶8. (C) An additional concern for some DPJ lawmakers is the party's manifesto for the next general election. Ozawa has stated publicly that there will be no substantive changes from the manifesto issued in advance of the July 2007 Upper House elections in which the DPJ seized a plurality of seats. Some DPJ members have expressed a desire to come up with a more realistic set of promises, particularly with regard to financing projected spending. Embassy DPJ contacts stress the importance of a contested leadership election, or at

least a clearer explanation of policies by Ozawa.

General Election Scenarios More Clearly in Focus

¶9. (C) Speculation is rife that a Diet session could be called as early as September 24 to elect the new LDP President to the post of Prime Minister. The most likely scenarios being floated for the next general election are: dissolution of the Lower House shortly after the opening of the Diet session in early October; dissolution after passage of a supplementary budget in late October or early November; or dissolution in January, shortly after the new ordinary Diet session is convoked, and shortly after the commissioning of individual tax cuts alluded to in the fiscal stimulus package. In each case, the Lower House election would be held approximately 30 days later. LDP leaders have already informed their counterparts in the opposition parties that the opening of the fall extraordinary Diet session will be delayed beyond the originally scheduled date of September 12. A new date will be set after the LDP presidential election.

¶10. (C) The first scenario would allow the LDP to take advantage of any positive momentum gained from public attention on the LDP presidential election, before the opposition has a chance to launch a new series of attacks in the Diet. The second scenario gives the ruling coalition an opportunity to win public support through old-style LDP pork-barrel politics and popularity enhancing personal tax cuts. (Note: The budget, unlike most other legislation, is considered passed into law automatically 30 days after

TOKYO 00002416 003 OF 003

passage in the Lower House, without regard to action taken by the Upper House.) Komeito leader Akihiro Ota told the press recently that this is the preferable option for Komeito, although some Embassy LDP contacts have noted concern that this could be perceived as a return to the politics of the past. The third scenario would allow the ruling parties more time to try to raise their support ratings with the public, but would also up them up to more aggressive attacks by the DPJ. It would, however, give the new Prime Minister a chance to prove his or her abilities by pursuing at least a limited legislative agenda in the fall session, before standing for re-election.

Fukuda to Avoid "Making Noises," as Diplomatic,
Legislative Agenda Fades

¶11. (C) Fukuda, for his part, has made clear his intention to maintain a low profile for the remainder of his term. Not only did he not attend an annual gathering of senior Self-Defense Forces officers on September 3; he failed to even send a replacement. His senior officials, meanwhile, are left wondering whether they will be reappointed to their posts by his successor. One LDP lawmaker holding a Vice Minister position told the Charge that he thought Aso would probably be more inclined to keep Fukuda's ministers largely in place than would Koike. As a result, he expected Koike to take slightly longer to announce her picks, in the event that she becomes Prime Minister.

¶12. (C) Embassy contacts echoed press reports that the change in the legislative calendar sounds the death knell for Fukuda's stated priorities of extending Japan's refueling support for Operation Enduring Freedom and establishing a consumer affairs agency, at least for the foreseeable future. Media continue to focus on a growing rift between the LDP and junior coalition partner Komeito over a range of issues, including the starting date and length of the upcoming Diet session, use of the two-thirds majority in the Lower House to override an expected Upper House rejection of the OEF bill, and the timing for the next general election.

¶13. (C) Press reports also focused on the likely impact of Fukuda's resignation on Japan's diplomatic agenda, including postponement of trilateral talks with Korea and China, a slowdown in bilateral cooperation with North Korea on the abductions issue, possible absence of the Prime Minister at UNGA, and diminished influence on discussions over a Post-Kyoto framework for dealing with climate change. An LDP Diet member told the Charge on September 2 that it is still technically possible that a new Prime Minister could be sworn in on September 24 and make it to UNGA in time to make a speech, along with his or her new Foreign Minister, but he was not optimistic.

ZUMWALT